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8 April 1977

MEMORANDUM FOR: Deputy Director for Administration
FROM: [REDACTED] STATINTL
Acting Director of Data Processing
SUBJECT: Impact on Project SAFE of a \$1.5M
Reduction in FY-78

The impact on Project SAFE of a \$1.5M reduction
in FY-78 is assessed in the attachment.

STATINTL

Att: a/s

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IMPACT ON PROJECT SAFE OF A \$1.5M REDUCTION IN FY-78

In FY-78 the principal contractor for SAFE development will be selected and development will be initiated. The site preparation will be initiated in FY-78 based on system designs developed and preliminary site work completed in FY-77.

A reduction below the \$9.3M level in FY-78 will jeopardize the system design analysis because less contractor manpower will be available in the initial period for the analysis effort. It should be noted that the \$9.3M level has already been reduced from \$11M by OMB, and the entire program reduced from \$50M to \$35M at the direction of Congress. There is substantial danger that this continual replanning will sooner or later produce a defective plan wherein some vital capability will be omitted.

The only area which can be reduced without delaying the system for a year is in the contract given to the principal contractor. This can be reduced from \$6.5M to \$5M only if the \$1.5M is offset by an increase in FY-79.

This movement of funds from FY-78 to FY-79 will have the net effect of significantly reducing initial system effort with a probable delay of three months in system operations. It further reduces the bargaining power of the government at the time of contract negotiations by reducing the business appeal of the contract.

If the \$1.5M is not added to the FY-79 budget, then the entire procurement would be jeopardized, as there would be insufficient funds to purchase hardware to support the technical effort in the FY-78-79 period.